

UNITED STATES INTERNATIONAL TRADE COMMISSION

**APPAREL INPUTS IN "SHORT SUPPLY": WOMEN'S AND GIRLS'
BLOUSES OF CERTAIN SHIRTING FABRICS**

Investigation No. 332-436-001

February 2002



Apparel Inputs in “Short Supply” (2002): Effect of Providing Preferential Treatment to Apparel Imported from Sub-Saharan African and Caribbean Basin Countries

U.S. International Trade Commission Investigation No. 332-436-001

Products	Women’s and girls’ blouses of certain shirting fabrics
Requesting Party	School Apparel, Inc., Star City, Arkansas
Date of Commission Report: USTR Public	February 15, 2002 February 2002
Commission Contact	Jackie W. Jones (202-205-3466); jones@usitc.gov

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR
ON FEBRUARY 15, 2002. ALL CONFIDENTIAL INFORMATION HAS BEEN
REMOVED AND REPLACED WITH ASTERISKS (***) .

Summary of Findings

The Commission’s analysis shows that granting duty-free and quota-free treatment to U.S. imports of blouses made in eligible Caribbean Basin countries from certain shirting fabrics,¹ regardless of the source of the fabrics, would likely have no adverse effect on U.S. yarn and fabric producers, because the two known mills having the capacity to make the subject fabrics currently do not make them. The proposed preferential treatment also would likely have a negligible adverse effect on U.S. producers of blouses and their workers. U.S. firms producing blouses in eligible Caribbean Basin countries would likely benefit from the granting of the proposed preferential treatment. U.S. consumers also would likely benefit from any duty savings resulting from the proposed preferential treatment.

Background

On January 17, 2002, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-436, *Apparel Inputs in “Short Supply” (2002): Effect of Providing Preferential Treatment to Apparel Imported from Sub-Saharan African and Caribbean Basin Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice during 2002 in connection with petitions filed by interested parties under the “short supply” provisions of the African Growth and Opportunity Act (AGOA) and the United States-Caribbean Basin Trade Partnership Act (CBTPA).²

The Commission’s advice in this report concerns a petition received by the Committee for the Implementation of Textile Agreements (CITA) on January 4, 2002, alleging that certain shirting fabrics for use in blouses cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for such apparel made in eligible CBTPA beneficiary countries from such fabrics, regardless of the source of the fabrics. The President is required to

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² For more information on the investigation, see the Commission’s notice of investigation published in the *Federal Register* of January 25, 2002 (67 F.R. 3733) and its website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be proclaimed, the reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.³

Brief discussion of the product

The shirting fabrics named in the petition are classified in subheadings 5210.21 and 5210.31 of the Harmonized Tariff Schedule of the United States (HTS), which cover bleached (5210.21) and dyed (5210.31) plain-woven fabrics containing less than 85 percent by weight of cotton, mixed mainly or solely with manmade fibers, and weighing not more than 200 grams per square meter. The petition identifies the subject fabrics under subheadings 5210.21 and 5210.31 as broadcloth, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, and of average yarn number exceeding 70 metric (or approximately 42 singles yarn). The 2002 general rates of duty on the bleached fabric are 8.4 percent ad valorem, if the yarns in the fabrics are of number 42 singles or lower, and 11.4 percent ad valorem, if the yarns are of numbers 43 to 68 singles. The duty rates on the dyed fabrics are subject to 10.1 percent ad valorem, if the yarns are of number 42 singles or lower, and 12.2 percent ad valorem, if the yarns are of numbers 43 to 68 singles. The subject fabrics are used in the production of women's and girls' blouses, particularly girls' uniform blouses that are classified in HTS chapter 62 (apparel, not knitted or crocheted). The 2002 general rates of duty on imports of blouses made from the subject fabrics are 15.6 percent and 8.2 percent ad valorem, depending on the type of blouse.

The petitioner (School Apparel) uses the subject fabrics in the production of uniform blouses. It markets two uniform lines (school and career), mostly to distributors that specialize in marketing one line or the other.⁴ The firm manufactures the blouses to customer specifications from fabrics specified by the customers.⁵ ***6***7***8

Brief discussion of affected U.S. industries, workers, and consumers

The only known U.S. fabric mills having the capacity to produce the subject fabrics are Dan River, Inc., Danville, VA,⁹ and Wade Manufacturing Co., Wadesboro, NC. However, each firm said it does not currently make and sell the subject fabrics ***¹⁰ Dan River stated that it produces higher value-added broadcloth by using colored yarns to create stripes, plaids, and other patterns, mostly for men's shirting fabrics.¹¹ Dan River stated that it would be able to meet the specifications for the fabrics used in school uniforms, because it produces broadcloth that is used in the production of uniforms for the fast food industry and is able to meet the specifications for shirting fabrics used in the production of shirts for U.S. military

³ In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. He authorized CITA and USTR to submit the required report to the Congress.

⁴ David Watts, School Apparel, Inc., Star City, AR, telephone interview by Commission staff, Feb. 1, 2002.

⁵ David Watts, School Apparel, Inc., Star City, AR, petition for short supply designation for certain fabrics used for blouses, submitted to CITA, Jan. 4, 2002, p. 4.

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¹⁰ Pete Evans, Dan River, Inc., New York, NY, and Bernie Hodges, Wade Manufacturing Co., Wadesboro, NC, telephone interviews by Commission staff, Jan. 31 and Feb. 1, 2002.

¹¹ Dan River has a vertically integrated operation and produces most of the yarn it weaves into fabrics. ***

uniforms.¹² ***¹³ Wade Manufacturing stated that it has *** making related fabrics and that the equipment could be easily adjusted with minimal downtime to make the subject fabrics.¹⁴

The American Textile Manufacturers Institute (ATMI) stated that the subject fabrics are available from Dan River and Wade Manufacturing in commercial quantities in a timely manner. ATMI indicated that by slightly varying their production processes, the two mills would be able to make the subject fabrics.¹⁵

Bendinger Industries Group, a customer of the petitioner, stated that the subject fabrics have not been available from domestic sources for many years.¹⁶ It indicated that because school uniform blouses are sold at very tight price points, using more expensive fabrics which have relatively higher yarn counts--like those made domestically--would price the petitioner out of this market. ***¹⁷*** Elderwear Manufacturing Co., a producer of women's and girls' blouses from the subject fabrics, stated that although Dan River may be able to modify its looms to make the subject fabrics, the mill does not offer the subject fabrics in its "open line" and, therefore, the subject fabrics are not available in commercial quantities in a timely manner.¹⁸

Views of interested parties

No written submissions were filed with the Commission.

Probable economic effect advice¹⁹

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of blouses made in eligible CBTPA beneficiary countries from the subject fabrics, regardless of the source of the fabrics, would likely have no adverse effect on U.S. yarn and fabric producers, because the two known mills having the capacity to make the subject fabrics currently do not make them. ***²⁰

The proposed preferential treatment would likely have a negligible adverse effect on U.S. firms making women's and girls' blouses made from the subject fabrics, and their employees. The U.S. markets for blouses, including school uniform blouses, made from the subject fabrics are believed to be largely supplied by imports from Asia, Mexico, and the CBTPA countries. To the extent that imports of blouses from eligible countries increase, these imports would likely displace imports from other countries to a greater degree than they would displace U.S. production, because any existing U.S. production is likely to be supplying niche markets or exist for quick response purposes. U.S. and other firms making blouses in eligible CBTPA countries are likely to benefit from the granting of the proposed preferential treatment.

U.S. distributors and consumers of blouses (school and career uniform blouses) would likely benefit from the proposed preferential treatment, because importers are likely to pass through some of the duty savings, given the highly competitive market for uniform blouses.

¹² Ed Supimski, Merchandise Manager, Government, Military, and Uniform Fabrics, Dan River, Inc., New York, NY, Jan. 31, 2002.
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¹⁴ Bernie Hodges, Wade Manufacturing Co., Wadesboro, NC, telephone interview by Commission staff, Jan. 31, 2002.

¹⁵ Written submissions to CITA from ATMI officials Charles V. Bremer, Director, International Trade, Jan. 16, 2002, and Carlos Moore, Executive Vice President, Jan. 25, 2002.

¹⁶ Virginia Bendinger, Bendinger Industries Group, King of Prussia, PA, written submission to CITA, Jan. 18, 2002.

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¹⁸ Ron Sher, President, Elderwear Manufacturing, Inc., St. Louis, MO, written submission to CITA, Jan. 24, 2002.

¹⁹ The Commission's advice is based on information currently available to the Commission.

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